

00-0650
ICC Staff Exhibit No. 2
DIRECT TESTIMONY

of

MIKE LUTH

Financial Analysis Division
Illinois Commerce Commission

Union Electric Company and Central Illinois Public Service Company

Petition for Transfer of Retail Electric Business and
Associated Certificates of Public Convenience and Necessity; and
Approval of Related Tariffs

Docket No. 00-0650

November 3, 2000

I. INTRODUCTION

1 Q. Please state your name and business address.

2 A. My name is Mike Luth. My business address is 527 East Capitol Avenue,
3 Springfield, Illinois, 62701.

4 Q. What is your present position with the Illinois Commerce Commission
5 ("Commission")?

6 A. I am currently an Economic Analyst in the Rates Department of the Financial
7 Analysis Division. In that position, I review and analyze tariff filings by electric,
8 gas, water and wastewater utilities with regard to cost of service and rate design.
9 I make recommendations to the Commission on such filings and participate in
10 docketed proceedings as assigned.

11 Q. Please state your professional qualifications and work experience.

12 A. I received a B.S. in Accounting from Illinois State University. I passed the
13 Uniform C.P.A. examination in May of 1987. Since graduating, I have worked as
14 an Assistant Property Manager with a real estate company and as a Field
15 Auditor with the Wisconsin Department of Revenue. In October of 1990, I joined
16 the Accounting Department of the Illinois Commerce Commission
17 ("Commission"). In June 1998, I transferred from the Accounting Department of
18 the Commission to the Rates Department.

19 Q. Have you previously testified before the Illinois Commerce Commission?

20 A. Yes, I have testified several times before the Commission on cost-of-service,
21 rate design and revenue requirement.

22 Q. What is your assignment in this proceeding?

23 A. My assignment in this proceeding was the review and analysis of the proposed
24 tariffs that the Ameren Companies, Union Electric Company ("UE") and Central
25 Illinois Public Service Company ("CIPS") submitted with their petition. The
26 proposed tariffs would transfer to CIPS from UE the responsibility and benefit of
27 serving the Illinois area currently served by UE.

28 Q. What is the purpose of your direct testimony?

29 A. I am suggesting some changes to CIPS' proposed wording of certain tariff
30 sheets, and noting some changes that CIPS is proposing which should be more
31 fully explained.

32 The following table summarizes the changes or differences to various tariff
33 sheets that I am proposing or believe need more explanation by CIPS.

Electric Service Schedule

III. C.C. No. 18

(Bundled Rates)

- | | |
|---|--|
| Original Sheet No. 49 | (2) CIPS has no reference to March through October and November through February measurement periods that are currently in UE Sheet No. 49. |
| Original Sheet No. 51 | 8. Not clear why the Limited Availability Replacement Energy Pilot Program is still in effect given that it appears to have expired at September 30, 1997. If it is no longer in effect, the related description should be eliminated from the proposed tariffs. |
| Original Sheet No. 98 | Table of Contents for Riders. No listing of Sheet Nos. 121.5, 121.6, 121.7, 121.8, 121.81, 121.82 and 121.83, which are not included with the CIPS proposed tariff sheets, but are part of the current UE tariff sheets. These sheets describe Rider RTP, Non-residential Real Time Pricing. |
| Original Sheet No. 121.10 | CBR and EBR. These factors for Rider R, the Electric Environmental Adjustment Clause, should be based in part upon the UE Base Fuel Component established through the Order in Docket 98-0175, rather than CIPS Docket No. 98-0146. |
| Original Sheet Nos. 121.9 through 121.13. | CIPS should continue to provide the same periodic informational sheets that are included with the current UE Rider R, Electric Environmental Adjustment Clause. |

Electric Delivery Service
Schedule III. C.C. No.
17

Original Sheet No. 64.001 CIPS should continue to provide the same periodic informational sheets that are included with the current UE Rider TC, Transition Charge entitled "Market Value and Transition Charge Rates".

Original Sheet Nos. 87 through 91 CIPS should continue to provide the same periodic informational sheets that are included with the current UE Electric Environmental Adjustment Clause.

34 Q. What is your recommendation for the observations that are described in the
35 previous table?

36 A. CIPS should make the changes that are noted or include the sheets that are
37 omitted, as appropriate, or provide an appropriate explanation why the changes
38 should not be made or why the omitted sheets should not be part of the CIPS
39 tariffs sheets. Should the transfer be approved by the Commission, it should be
40 a goal that UE customers pay the same for electric service under CIPS tariffs as
41 they would under UE tariffs to the extent possible. CIPS witness Mill noted that
42 "The [proposed CIPS] tariffs are virtually identical to the AmerenUE tariffs in
43 effect currently in its Metro East territory, except for the header and footer
44 designations." (UE and CIPS Petition, Appendix H, page 6, lines 126 through
45 128) The changes, additions and suggestions that I recommend are necessary
46 for the proposed tariffs to meet the goal of UE customers paying approximately
47 the same under CIPS as they would under UE tariffs, and match the proposed

48 tariffs more closely to the current UE tariffs with necessary changes.

49 Q. Does this conclude your direct testimony?

50 A. Yes, it does.